

# WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

Budget Summary					FTE Position Summary	
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		As an Authority, there are no state positions for the Wisconsin Economic Development Corporation.
		2011-12	2012-13	Amount	%	
GPR	\$0	\$18,743,700	\$16,399,600	\$35,143,300	N.A.	
FED	0	36,390,600	36,390,600	72,781,200	N.A.	
PR	0	4,861,200	4,861,200	9,722,400	N.A.	
SEG	<u>0</u>	<u>38,850,000</u>	<u>39,850,000</u>	<u>78,700,000</u>	N.A.	
TOTAL	\$0	\$98,845,500	\$97,501,400	\$196,346,900	N.A.	

## Budget Change Items

### 1. ESTABLISH FUNDING LEVEL

**Governor:** Provide \$18,743,700 GPR in 2011-12, \$16,399,600 GPR in 2012-13, and \$36,390,600 FED and \$4,861,200 PR annually to establish a funding level for the Wisconsin Economic Development Corporation (WEDC). The bill would also create a segregated appropriation for economic development programs with \$38,850,000 SEG in 2011-12, and \$39,850,000 SEG in 2012-13. The funding would be provided from the newly created economic development fund, which is currently the recycling and renewable energy fund, that would be renamed under the bill. (See "Natural Resources -- Air, Waste, and Contaminated Land" for more information).

GPR	\$35,143,300
FED	72,781,200
PR	9,722,400
SEG	<u>78,700,000</u>
Total	\$196,346,900

[Bill Section: 501]

### 2. ADDITIONAL STATUTORY PROVISIONS

**Governor:** Make the following additions to statutory provisions governing the WEDC:

a. Specify that all records of the Corporation would be open to the public, under the state open records law, except those records relating to pending grants, loans, or economic development projects that, in the opinion of the Corporation, must remain confidential to protect the competitive nature of the grant, loan, or project.

b. Create a regional economic development organization grant program that would be administered by WEDC. Under the program, the Corporation would be required to award annual

grants to regional economic development organizations to fund marketing activities. The maximum grant that could be awarded would be the lesser of the amount of matching funds the organization obtained from sources other than WEDC or the state, or \$100,000.

c. Require WEDC to implement a program to certify qualified Wisconsin businesses for capital gains deferral provisions included in the bill. Under the bill, claimants could exclude long-term capital gains from investments in qualified Wisconsin businesses, if certain other conditions were met. The Corporation would be authorized to certify Wisconsin businesses if it determined certain criteria were met. The Corporation would also be required to notify the Department of Revenue (DOR) of business certifications, expirations, and revocations, and to compile a list of certified businesses, which would be available on WEDC's web site. WEDC would be authorized, in consultation with DOR, to adopt rules to administer the certification process. (See "General Fund Taxes -- Income and Franchise Taxes.")

d. Provide that employees of the Corporation would be eligible to participate in WRS accumulated sick leave conversion programs.

e. Create two statutory subchapters under the WEDC statutes.

The WEDC was created as an authority under 2011 Wisconsin Act 7. It is a public body corporate and politic and has a 13-member board of directors. The Board includes the Governor, who serves as chair, and six members nominated by the Governor, and appointed with the advice and consent of the Senate. The Board also includes three members appointed by the Speaker of the Assembly and three members appointed by the majority leader of the Senate, each consisting of one majority member, one minority member, and one person employed in the private sector.

The Board is required to develop and implement economic programs to provide business support, expertise, and financial assistance to companies that are investing and creating jobs in Wisconsin, and to support new business start-ups, and business expansion and growth in the state. The Board has the authority to develop and implement any other programs related to economic development in Wisconsin, and all the powers necessary and convenient to carry out its responsibilities. In addition, the Board is specifically authorized to: (a) adopt, amend, and repeal any bylaws, policies, and procedures for regulating its affairs and conducting its business; (b) have a seal and alter it; (c) maintain an office; (d) sue and be sued; (e) accept gifts, grants, loans, or other contributions from private and public sources; (f) establish the corporation's annual budget, and monitor the fiscal management of the corporation; (g) execute contracts and other instruments required for the operation of WEDC; (h) employ any officers, agents, and employees that it may require, and determine their qualifications, duties, and compensation; (i) issue notes, bonds, and any other obligations; (j) make loans and provide grants; and (k) incur debt.

The Governor is required nominate a chief executive officer (CEO) for WEDC to be appointed with the advice and consent of the Senate, and serve at the pleasure of the Governor. The Board is authorized delegate to the CEO any powers and duties that the Board considers proper, and to determine his or her compensation.

Act 7 created a statutory appropriations schedule (section 20.192) to fund WEDC activities, including a GPR, PR, and FED continuing appropriation. The specific appropriations include: (a) a continuing GPR operations and programs appropriation for the operations of WEDC and for funding economic development programs developed and implemented by the Board [20.192 (1) (a)]; (b) a continuing PR appropriation for transferred general fund moneys from the Department of Commerce for the operations of WEDC and for funding economic development programs developed and implemented by the Board [20.192 (1) (k)]; and (c) a continuing federal aid (FED) programs appropriation for federal moneys allocated to fund programs administered by WEDC [20.192 (1) (m)]. No funding was directly appropriated for WEDC under Act 7.

[Bill Sections: 1146, 1147, 1153, 1161, 2859 thru 2863, and 2865]

### **3. TRANSFER OF CERTAIN ECONOMIC AND COMMUNITY DEVELOPMENT FUNCTIONS FROM COMMERCE**

**Governor:** Transfer certain economic development functions and programs from the Department of Commerce to the Wisconsin Economic Development Corporation (WEDC). Included in the transfer would be responsibility for administering the following tax credits: (a) early stage business investment credits; (b) electronic medical records credit; (c) jobs credit; (d) food processing plant and food warehouse investment credit; (e) meat processing facility investment credit; (f) woody biomass harvesting and processing credit; (g) economic development credit; and (h) enterprise zone credits. Also, transferred would be responsibility for administering a brownfields grant program, allocation of the federal volume cap on industrial revenue bonds, and administering the Kenosha and Janesville development opportunity zones. Statutory responsibility for discontinued economic activity zones programs including development, enterprise development, technology, and airport development zones and the agricultural development zone would be transferred. WEDC would assume general economic and industrial development functions, create programs and distribute economic development grants and loans, and would replace Commerce as a member on certain boards and councils. (See "Commerce" for more information.)